

AUTO COLLISION REPAIR LICENSING ADVISORY BOARD

MEETING MINUTES FOR JANUARY 27, 2010

Members present: Dave Reynolds, Chairman

Richard Bernstein, Legal Counsel – DBR

Dennis Gamba, Cranston Collision

Dave Doucet, Rhode Island State Police

Scott Wendel, Amica Insurance Company

Paul Kiernan, Paul Masse

Jerry Galleshaw, Public Member

Dan Coleman, Fournier & Coleman, Auto Glass Industry

Members absent: Tom Broderick - DBR

Others present: Jack Condon, Progressive

R. Harold Thompson, I-Car

Scott Fowler, Met Life

Eric DuPont, Met Life

Larry Alan, Nationwide Insurance

MEETING CALLED TO ORDER AT 10:36 A.M.

NEW BUSINESS

Approval of October 28, 2009 minutes

Dave Reynolds: Any questions regarding minutes? Motion to pass minutes. Seconded by GG. All in favor. Motion passed.

Verify meeting dates for 2010

DR: In order to prevent a problem of scheduling would like to change meetings for November to the 17th, and December to the 15th. Motion to pass the change of dates. Seconded by DC. All in favor. Motion passed.

Discussion of ABARI letter regarding total loss fees:

DR: Read letter from ABARI regarding shops charging a total loss fee. Letter was sent out by president of association, John Petrarca.

Richard Bernstein: Was letter sent to all ABARI members?

DR: All licensed shops. Noted the importance of itemized bill...you should itemize any specific charges related to the total loss.

Dennis Gamba: So, you can charge fee?

DR: Yes, but it must be itemized and that is in Reg.

RB: Fee must show Itemization and be related to work performed, it

is also in the statute.

Point of information:

RB: Regarding submissions/Complaints: Insurer's or auto body shops should show a pattern of practice before submitting a submission. The Department has started a new informal process to informally resolve consumer complaints. If a complainant gives permission, the Department will put complaint on hold and contact ABARI to see if matter can be mediated. That has been working out fairly well. We are able to get matters resolved before the start of the complaint processes.

OLD BUSINESS

Amendment of Commercial Licensing Regulation 4:

RB: The Department is proposing to amend CLR4, before we submit for amendment we should look at proposed changes. It is DBR's intent to give board opportunity to review proposed changes, and comment on them.

Larry Alan: Work of the sub-committee continues. Waiting for a chance to clarify certain matters with DBR and State Police.

RB: DBR's position with respect to CLR4. Claimant and shop agree to repairs on work order. Brief out-line of what was done to car, what was not done to car, what insurer wanted done, insured deductibles, a memorialization of exactly what was done. Form would be required by DBR and would be signed by insured or claimant and shop under penalty of perjury. We are a little unclear of how insurance company would get a copy of the form. Right now the insurance company is involved in the process. I would argue that the insurance companies have a right to have a certification to know what was done.

DR: The actual repair order between the insured or claimant and body shop would stay on file with the body shop. How will the insurance company request form? There will have to be a time limit, and restrictions or we will be spending all our time doing clerical work for the insurance companies.

Jack Condon: I am an advocate to this agreement. I look at it not as you doing clerical work for us; I look at it as a way for us all to take cost out of the system. The form stays in your file it protects you. The issue for us is that when the car comes around again, and say it has the same damage then we can go to the form and see the agreement and know if the previous damage was ever fixed or not.

DR: I would be very agreeable to that kind of situation. You call me up and say a car has been in another accident and you want to know if they fixed this or that. I can say yes or no.

JC: The problem is not necessary you but there are shops out there who would say they have fixed it when they did not. It protects the industry and the shops.

DG: If the insurance company has a question they call the body shop and we e-mail them or send out a work-completed form that shows what was done to the vehicle, the cost would be crazy. We are working on 35-40 cars a week.

DR: Who will pay cost for the extra time and clerical work when the insurance company requests it? There could be hundreds of these documents requested for a large shop?

RB: Amend regulation to read; upon the request of an insurer, a shop can provide, in any method... I am looking to the sub committee for an agreement between industries on how the insurance company accesses the form.

DR: I just wouldn't want to see this particular system set up and used as a tool to selectively harass on occasion.

RB: The wording could say, upon the good faith request of the insured.

DR: That is where law enforcement comes in. If there is a legitimate grip over a criminal action if something is off kilter or an insurance company is doing an investigation over a specific event then that repair order will be an essential tool.

LA: Any rule that exists can be used for harassment. It works on both sides. The issue is, it is difficult in theory and in language to actually limit access to the form for only certain uses

RB: If a consumer comes in and says the shop put bondo on my car and I paid for replacement, and that is not what happened, the guy wanted the bondo, that form would have the transparency, and when complaint from consumer comes in, we will know exactly what happened.

LA: Access to the form is one of the things we discussed in sub-committee and we will continue to settle the issue and make a recommendation on it. But let me mention the direction of the discussion is not on limiting access.

DR: Say for instance I did 550 nationwide claims last year? Your going to do an audit on fraud, you are going to ask for all the repair

orders on all cars. Who is going to pay for all this?

LA: Under the language in here now, it says must make it available to the insurer upon request.

DR: Here is 5-38-28, repair certification form, the director of the Department of Business Regulation is authorized to create a work completed certification form which is executed by the insured and the auto body repairer and would certify under the penalties of perjury that repairs to a certain vehicle have actually been made. Where do insurance companies come in?

LA: We are not, however, if you look at the form.

DR: I am not looking at the form; I am looking at the statue.

LA: The statue describes the form. What DBR has done is designed a form where we wouldn't be part of it.

RB: The sub-committee is going to review these issues, and they are going to use the same good faith with coming up with a recommendation that they did with standard of conduct - Reg 15. Let's give the sub-committee a chance to come up with a recommendation. Both sides are adequately represented.

LA: In sub-committee, we have agreed that we should have access to

the information. The discussion is two-fold, how do we get access to this information without putting a burden on the body shops. Another issue we talked about and wanted to bring before the board for discussion is, what is the purpose of the form. Is the form supposed to be a description of what was agreed to be done, or what actually was done, or both? Is the department looking for a comparative document? This is what we agreed to, this is what was done. We are trying to clarify what the form was supposed to do.

RB: Yes.

DR: What was actually done.

LA: So the form was designed to document what was done or what was agreed to?

Dave Doucet: At this point in time, I am not interested in what was agreed to, I am interested in what is the final product and what was done to the car. I think the customer has the right to know what was done and I think the insurer has the right to obtain that from their insured to make sure the car was repaired, and to the extent of how it was repaired, just in case there is a further claim. I think the insurer is getting left out and I don't know why.

LA: The only issue I would raise is that you suggested the insurer get it from the insured. The insured is probably not going to keep it

where the regulation is going to require the shop to keep it.

DD: The insurer to some extent should co-operate with their insurance company because they have to agree with the shop and they are ultimately the one who needs to be satisfied.

LA: What we are designing here is a regulation that oversees the body shops. We can't put in a regulation that the insured has to provide.

RB: We have no jurisdiction.

DG: Under the law the insurance company has to do 10% post re-inspection. Bottom line is how do you do it if you don't have the paperwork. What do you do just go out and snap a picture.

DR: Gain a copy of the estimate.

DG: What If the car wasn't done according to the estimate.

LA: Are you saying we should keep the form as one of the parties?

DG: I don't think the Reg says that we have to give it to you, that is the argument here.

Scott Wendell: I will say this, when we get the form back, and it is not

greater than 40% of the time, it goes in the claim file. The way the form is now is tremendously wasteful. I think of this as an opportunity to work together, not just to make sure the work was done, but to make sure the shop is protected. I can't support something we can't have access to.

GG: What happens when a shop does more work than estimate calls for?

DR: In response to Gerry's question, in the event we do extra work to a vehicle, if you ever notice on your estimate sheets from the insurance company there will be some stipulations on there for prior damage and what we do, if we do, repair prior damage, we notify the insurance company that it was also repaired.

DD: Are there any shops that don't produce an itemized work order at this point in time?

RB: There are probably some.

DR: I can tell you this, when we are done, there is a very detailed file. There are work completed documents and invoices. 90% of the time, the customer doesn't want it.

LA: That is the perfect testimony that says we shouldn't rely on getting the copy from the customer.

DD: Does the insured have to get their car repaired?

DR: No

DD: So they have 100% discretion as to what they do with the money they get. If a customer has signed off and the shop says this is what we did, the insurance company has no complaint. Their insured has accepted your work. They have nothing else to say.

DR: When we get a car that has a lien on it, I have to take that car down to the bank or the bank comes to me, they inspect the car and look at my estimate sheet and then they sign the check. Lien holders do not come in to sign checks in direct repair shops.

DG: With direct repair work, you have to sign under law you have fixed the car according to what you are billing for. Then you get the check.

Certification of Technicians

Harold Thomas, owner of Hal's Auto Body of Wakefield RI representing I-Car Northeast, submitted documents from Jeff Peeves, Director of Field Operation, for I-Car of Illinois. I-Car has looked over the requirements of Reg 16 and has isolated six classes that would best fill those requirements. A direct mailing was sent out to every

licensed shop in the state of RI last week showing the schedule. Internet classes are available.

Harold Thomas: We are trying to help the industry obtain some training until other means are developed through either NET or other types of equipment providers. I know this is going to become effective in December 2012, so we have less than 36 months to get everybody on board.

DG: Are you going to be rolling the classes over and over again?

HT: We sat down for two or three days went through all class selections and came up with eight classes that would fulfill the requirements of Reg 16. We will keep rolling these classes for three years, It all depends if the classes fill up, we will run them again right away. We have a schedule all the way through September. We are going to use the knights of Columbus hall in Cranston. Providence lacquer is our sponsor. The classes range from \$91 to \$108 dollars. It's affordable. It's a four-hour class. There is a test at the end of the class it is graded off site it will be sent it Illinois and they will get transcripts of what they have done. If they fail the test they have one free re-test. They are provided additional information.

DR: Are there opportunities for Spanish?

HT: We are looking into at that now. The biggest problem here in not

Spanish it is Portuguese. So they are looking to bring on bi-lingual people to teach the classes. But it is a not-for-profit organization. As the classes fill up, they will have more money to develop the programs and translate them. I know they have a few of the core courses in two languages.

DG: What are the chances of you putting this on disc. The body shop can actually hold the training themselves.

HT: If you wanted to be a training provider you would have to go to school with I-car.

DR: Any more questions about certification? Thank you very much Harold.

HT: Thank you for your time.

DR: Any other business?

RB: I just have one other business - There may be legislation introduced for dismantling plates for all licensed salvage yards. The plate will be issued by the DMV, it would have to be affixed to a licensed salvage yard's truck in addition to any other plates that they would have to display and the law goes on to state only a licensed salvage yard may bring junk vehicles to a crusher or to a facility. A crusher can not accept a vehicle unless it is brought in by a licensed

salvage yard, with a dismantle plate. If this law does get introduced, there are towers that are regulated by the PUC and if the vehicle is not claimed, they can sell it or they can bring it to a crusher. What this law would do, in effect, the towers could no longer bring these cars to a crusher they would have to bring them to a licensed salvage yard with a dismantle plate. This is just an FYI because I know some shops do have certified towing privileges.

DD: Are there any new requirements for the salvage yards.

RB: It does not go that far. All this does say is salvage yards need dismantler plates to transport junk vehicles to metals recycling.

DR: Any questions? Opportunity for public comments? I make a Motion to adjourn. Seconded by LA. All in favor. Meeting Adjourned at 11:35.

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